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UNCLAS SECTION 01 OF 02 DJIBOUTI 001238

SIPDIS

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SUBJECT: DJIBOUTIAN-AMERICAN FISHING COMPANY LOOKING TO
EXPAND EXPORT

1. (U) Summary: The fishing sector in Djibouti has a new advocate in the form of Djibouti Maritime Management and Investment Company (DMMI), a joint venture owned in majority by Iranian-American investor Mehrdad Radseresht and Djiboutian businessman Youssouf Moussa Dawaleh. DMMI seeks to maximize the existing human and natural resources available to the fishing industry by providing the necessary services to local fishermen to get their catch to market, be it Djiboutian or export. End Summary.

2. (U) DMMI was created in March 2004 after Youssouf Moussa Dawaleh, owner of the Pecherie de Boulaos (Boulaos Fish Market) and Parliamentarian from the Djibouti district, was tasked by President Ismael Omar Guelleh to turn the fishing port into a viable business entity. It was originally built in 1997 by an Italian company with the aid of a French company's expertise. Neither company used European standards, which in conjunction with the poor management of the fishing port rendered it unable to attract international buyers. During Dawaleh's travels with President Guelleh, he met Mehrdad Radseresht, an Iranian-American investor based in the Middle East, and they decided to combine efforts to rehabilitate the fishing port. DMMI is primarily owned by Radseresht at 55 percent, Dawaleh owns 40 percent and Port de Peche manager, Herve Prat, owns 5 percent. DMMI was set up as a Free Zone company, allowing it duty free status, and given a 40-year concession for the lease of the Port de Peche.

3. (U) DMMI's strategy is to maximize the existing human and natural resources in order to increase yearly production from 500 tons to 2,000-3,000 tons per year. Prat told Pol/Econ that the traditional fishing methods used by the fishermen in Djibouti are extremely well adapted to the environment and DMMI does not want to interfere with that method, merely enhance their capacity. According to Prat, Djibouti has a fleet of 150 fishing boats, of which half are not operational or idle. DMMI's plan is to rehabilitate the Port de Peche, provide an adequate place to anchor boats, provide free ice and duty free fuel and a cafeteria for the local fishermen. This will give the fishermen a comfortable and friendly place where they know they will have a market for their catch. Prat said that Port de Peche also has a fully equipped boat maintenance workshop that was funded by the United Nations Development Fund. However, Prat said the project has remained locked and untouched because the Ministry of Agriculture has not yet named who will manage the workshop.

4. (U) Well-equipped, DMMI's packing/processing operation sells fish to the Djiboutians and French ex-patriates and hopes to attract the American presence to their business as well. Prat spoke frankly about the situation of fishing in Djibouti and presented realistic goals for the project. First, satisfy the local markets then move to the Arabian peninsula, where regulations are not as strict and air traffic connections already exist. Prat said the African Development Bank is planning to fund the necessary upgrades to bring the port up to international standards, as well as build a lab for testing the fish. According to Prat, a lab is not necessary for the moment and samples can easily be sent to France regularly for testing. Prat did comment that the cost of production in Djibouti is forcing DMMI to use high margins to price their products.

5. (U) The next phase of the plan to promote the already existing fishing industry in Djibouti is procuring a boat to provide access to the market for the fishermen in the northern region of the country. The districts of Tadjourah and Obock have plentiful fishing waters and make up the majority of Djibouti's coastline. However, both districts have extremely poor road infrastructure and a three to five hour drive to the capital. By creating a boat service that can go to the fishermen, gather a daily catch and bring ice to the fishermen, this will allow greater access to the market for an underdeveloped region. Prat specified that the boat would have to be designed to be fast, haul up to 6 tons each trip and be able to carry heavy loads of ice and living shellfish.

6. (U) Prat asked Pol/Econ about the possibility of U.S. assistance for the project, in particular the funding and procurement of the boat. Pol/Econ said she would look into the different programs available in the different agencies of the U.S. Government and would be happy to assist in making any business liaisons needed. Prat also mentioned the idea

of providing Camp Lemonier with locally caught fish.
Pol/Econ explained the procedure of DOD procurement through
the Defense Logistics Agency and offered to find contact
information for the person who could arrange an inspection of
the facilities in order to get DMMI certified as an
authorized vendor.
RAGSDALE